MONTANA LEGISLATIVE HISTORY

Chapter 141 19 85

Bill H 901 S _____ Original bill & history ✓ C

H. Committee on Business & Labor		S. Committee on Business & Ind.	
Hearing Date(s) 2-23	✓ C	Hearing Date(s) 3-25	✓ C
_____	___ C	_____	___ C
_____	___ C	Taxation	___ C
_____	___ C	4-10	___ C
Date Out _____	___ C	4-17	✓
		4-18	✓

Did this bill originate in an interim committee? ___ Yes ___ No

Committee _____ Report _____

2/22	COMMITTEE REPORT-BILL PASS AS AMENDED		
2/25	2ND READING PASS	92	2
2/26	3RD READING PASS	95	2
	TRANSMITTED TO SENATE		
3/04	REFERRED TO LOCAL GOVERNMENT		
3/23	HEARING		
3/26	COMM REPORT-BILL CONCURRED AS AMENDED		
3/29	2ND READING CONCURRED	49	0
4/01	3RD READING CONCURRED	48	0
	RETURNED TO HOUSE WITH AMENDMENTS		
4/08	2ND READING AMENDMENTS NOT CONCURRED	96	0
4/09	CONFERENCE COMMITTEE APPOINTED		
4/15	CONFERENCE COMMITTEE DISSOLVED		
4/15	FREE CONFERENCE COMMITTEE APPOINTED		
4/19	FREE CONFERENCE COMMITTEE REPORT		
	HOUSE		
4/20	2ND READING FREE CONFERENCE COMMITTEE REPORT ADOPTED	91	0
4/20	3RD READING FREE CONFERENCE COMMITTEE REPORT ADOPTED	95	0
	SENATE		
4/19	2ND READING FREE CONFERENCE COMMITTEE REPORT ADOPTED	50	0
4/19	3RD READING FREE CONFERENCE COMMITTEE REPORT ADOPTED	49	0
4/24	SIGNED BY SPEAKER		
4/24	SIGNED BY PRESIDENT		
4/25	TRANSMITTED TO GOVERNOR		
5/10	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 714 EFFECTIVE DATE: 5/10/85		

HB 901 INTRODUCED BY D. BROWN
EXEMPTS CONTRACTORS WHO WORK ON FEDERAL FACILITIES FROM ADDITIONAL LICENSE TAX

2/20	INTRODUCED		
2/20	REFERRED TO BUSINESS & LABOR		
2/20	FISCAL NOTE REQUESTED		
2/23	HEARING		
2/23	COMMITTEE REPORT-BILL PASS AS AMENDED		
2/25	FISCAL NOTE RECEIVED		
2/26	2ND READING PASS	57	37
2/27	3RD READING PASS	54	46
	TRANSMITTED TO SENATE		
3/05	REFERRED TO BUSINESS & INDUSTRY		
3/22	REREFERRED TO TAXATION		
3/22	REREFERRED TO BUSINESS & INDUSTRY		
3/25	HEARING		
3/25	COMMITTEE REPORT-BILL CONCURRED		
3/28	ON MOTION TAKEN FROM 2ND READING		
3/28	REREFERRED TO TAXATION		
4/10	HEARING		
4/18	COMMITTEE REPORT-BILL CONCURRED		
4/22	2ND READING CONCURRED	49	0

4/23	3RD READING CONCURRED	48	1
	RETURNED TO HOUSE		
4/25	SIGNED BY SPEAKER		
4/25	SIGNED BY PRESIDENT		
4/25	TRANSMITTED TO GOVERNOR		
5/18	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 741 EFFECTIVE DATE: 5/18/85		

HB 902 INTRODUCED BY DONALDSON
TO LIMIT SCHOOL GENERAL FUND BUDGET AMOUNTS FOR 1985 TO 1987

2/20	INTRODUCED		
2/20	REFERRED TO EDUCATION & CULTURAL RESOURCES		
2/22	HEARING		
2/23	ADVERSE COMMITTEE REPORT		
2/23	OBJECTION TO ADVERSE COMMITTEE REPORT		
2/26	2ND READING DO NOT PASS	68	29
2/26	BILL KILLED		

HB 903 INTRODUCED BY WALLIN, HALLIGAN, J. BROWN, ET AL.
TO PROVIDE FOR A MINIMUM LEVEL OF CHILD SUPPORT ORDERED BY A COURT

2/20	INTRODUCED		
2/20	REFERRED TO HUMAN SERVICES & AGING		
2/22	HEARING		
	DIED IN COMMITTEE		

HB 904 INTRODUCED BY WINSLOW, MILLER, DONALDSON
LIMIT SRS MED. SVCS. AUTHORITY - COMPLY WITH APPROPRIATIONS - 2-YEAR CONTRACTS

2/20	INTRODUCED		
2/20	REFERRED TO APPROPRIATIONS		
3/18	HEARING		
4/01	COMMITTEE REPORT-BILL DO PASS		
4/03	2ND READING PASS	82	14
4/04	3RD READING PASS	90	4
	TRANSMITTED TO SENATE		
4/13	ON MOTION RULES SUSPENDED TO ACCEPT FOR CONSIDERATION		
4/15	REFERRED TO RULES		
4/16	HEARING		
	DIED IN COMMITTEE		

HB 905 INTRODUCED BY BERGENE, MCCALLUM, H. HAMMOND, ET AL.
CREATE A JAIL STANDARDS COMMISSION

2/20	INTRODUCED		
2/20	REFERRED TO STATE ADMINISTRATION		
2/22	HEARING		
2/23	FISCAL NOTE REQUESTED		
3/04	FISCAL NOTE RECEIVED		
	DIED IN COMMITTEE		

HB 906 INTRODUCED BY KADAS

INTRODUCED BY Dave Brown HOUSE BILL NO. 901

A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING A PUBLIC CONTRACTOR WHO CONSTRUCTS OR WORKS ON A FEDERAL RESEARCH FACILITY FROM THE ADDITIONAL LICENSE TAX IMPOSED ON PUBLIC CONTRACTORS; AMENDING SECTION 15-50-205, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-50-205, MCA, is amended to read:

"15-50-205. Additional license tax imposed. (1) In addition to the fees enumerated in 37-71-204, each public contractor, unless he constructs or works on a federal research facility, shall pay to the department of revenue an additional license fee in a sum equal to 1% of the gross receipts, as defined in 37-71-101, from public contracts during the income year for which the license is issued.

(2) The additional license fee shall be computed upon the basis of the entire contract for each separate contract let by any of the public bodies as specified in 37-71-101(4)."

NEW SECTION. Section 2. Extension of authority. Any existing authority of the department of revenue to make rules on the subject of the provisions of this act is extended to the provisions of this act.

NEW SECTION. Section 3. Applicability. This act applies to any public contract entered into before, on, or after the effective date of this act, except that any tax already paid to the department of revenue may not be returned to the contractor.

NEW SECTION. Section 4. Effective date. This act is effective on passage and approval.

-End-

STATE OF MONTANA

F I S C A L N O T E

REQUEST NO. FNN 489-85

Form BD-15

In compliance with a written request received February 21, 19 85 , there is hereby submitted a Fiscal Note for H.B. 901 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

An act exempting a public contractor who constructs or works on a federal research facility from the additional license tax imposed on public contractors.

FISCAL IMPACT:

The total fiscal impact of the proposal cannot be estimated because the allocation of federal funds for research facilities cannot be fully anticipated. However, over $300,000 in public contractors gross receipts taxes are outstanding for construction of the MHD facility. An additional $1.5 million of construction at the MHD facility, yielding taxes of $15,000, is anticipated over the next 3 years.

David L Hunter

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 25, 1985

HB 901

FN10:N/1

(To be kept current -- post bills when entering being heard or leaving committee.) Form CS-32

STATUS SHEET

49TH LEGISLATIVE SESSION

COMMITTEE ON BUSINESS AND LABOR

HOUSE BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO PASS DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CONCURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CONCURRED IN DATE
890	2-19	2-22	2-22	WITHOUT RECOMMENDATION					
895	2-20	2-22/2-23	2-23			2-23			
896	2-20	2-22/2-23	2-23			2-23			
898	2-20	2-22	2-22		2-22				
901	2-21	2-23	2-23			2-23			
924	2-26	2-27	2-27	2-27					

Use a separate sheet for Senate, House Bills, and Resolutions

Resolution 13. Representative Cal Winslow, District #89, sponsor of the bill, explained this resolution requests Burlington Northern Railroad to reduce its freight rates on Montana coal to correspond to any reduction adopted by the legislature in the Coal Severance Tax rate. Representative Winslow distributed to committee members Exhibit 4 which is attached hereto.

Proponent John Delano, representing the Montana Railroad Association offered his support of the bill including the amendments offered by Representative Winslow.

There being no further discussion by proponents and no opponents, all were excused by the chairman and the hearing on House Joint Resolution 13 was closed.

ACTION ON HOUSE JOINT RESOLUTION 13: Representative Driscoll moved DO PASS on House Joint Resolution 13 and moved the amendments which passed by unanimous vote. House Joint Resolution 13 DO PASS AS AMENDED with Representative Hansen voting no.

HOUSE JOINT RESOLUTION 38: Hearing commenced on House Joint Resolution 13. Representative Bob Bachini, District # 14, sponsor of the bill, stated this resolution requests Congress to appropriate money to fund continued operations of Amtrak. Those on the northern route depend on the service Amtrak provides, added Representative Bachini.

Proponent Joe Brand, State Director, United Transportation Union, explained that all transportation systems are subsidized by the federal government. This resolution is asking Congress to reinstate funding for Amtrak.

There being no further discussion by proponents and no opponents, all were excused by the chairman and the hearing on House Joint Resolution 38 was closed.

ACTION ON HOUSE JOINT RESOLUTION 38: Representative Bachini made a motion that House Joint Resolution 38 DO PASS. Second was received, House Joint Resolution 38 DO PASS unanimously.

HOUSE BILL 901: Hearing commenced on House Bill 901. Represenative Dave Brown, District #72, sponsor of the bill, explained this exempts from the additional tax on public contractors a contractor on a federal research facility and is effective on passage and approval. This bill relates to the MHD development in Butte, added Representative Brown.

Proponent Jack Sherick, representing MHD, explained that the money coming into the state to enhance science and technology creates jobs. The development is an excellent opportunity to get federal dollars into the state.

Representative Bob Pavlovich stated that he wished to be put on record as a proponent to this bill.

Opponent John LaFaver, representing the Department of Revenue, explained that research should not be tax exempt and that the impact would be $350,000 to the general fund. We should not single out one California firm who owes tax, has owed tax and refuses to pay. This will create a poor tax precedent for the state, added Mr. LaFaver.

In closing, Representative Brown explained that this would apply to one facility only that was constructed in 1976. At that time, the 1% tax was not withheld by the state and the federal government is backing up the claim that the tax is not owed. The competition is tough and Montana needs every edge they can get, stated Representative Brown.

Representative Schultz asked Mr. LaFaver what notification process is used and if this situation happens in other industries. Mr. LaFaver stated that in November, 1984, a tax notice was sent for the years 1978, 1979, 1980 and 1981 plus penalty and interest. The experience with other industries is rare, but is seen occasionally.

Representative Kadas asked Mr. Sherick to explain the situation. Mr. Sherick stated that under direction Keyser cannot pay the taxes due and that they are no longer the contractor. Twenty seven other states currently have this law, added Mr. Sherick.

There being no further discussion by proponents or opponents, all were excused by the chairman and the hearing on House Bill 901 was closed.

ACTION ON HOUSE BILL 901: Representative Schultz moved DO PASS on House Bill 901 and then moved an amendment on page 2, line 3, following into, strike the remainder of line 3. Representative Wallin seconded the motion which passed unanimously. House Bill 901 DO PASS AS AMENDED by unanimous vote.

ACTION ON HOUSE BILL 567: Representative Schultz made a motion that the committee reconsider their action on House Bill 567 and explained that there were clerical problems with the amendments that were adopted previously. Representative

DAILY ROLL CALL

BUSINESS AND LABOR COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date February 23, 1985

NAME	PRESENT	ABSENT	EXCUSED
Bob Pavlovich	✓		
Les Kitselman	✓		
Bob Bachini	✓		
Ray Brandewie	✓		
Jan Brown	✓		
Jerry Driscoll	✓		
Robert Ellerd	✓		
William Glaser	✓		
Stella Jean Hansen	✓		
Marjorie Hart	✓		
Ramona Howe	✓		
Tom Jones	✓		
Mike Kadas	✓		
Vernon Keller	✓		
Lloyd McCormich	✓		
Jerry Nisbet	✓		
James Schultz	✓		
Bruce Simon	✓		
Fred Thomas	✓		
Norm Wallin	✓		

STANDING COMMITTEE REPORT

February 23 19 85

MR. SPEAKER

We, your committee on BUSINESS AND LABOR

having had under consideration HOUSE Bill No. 901

FIRST reading copy (WHITE color)

EXEMPTS CONTRACTORS WHO WORK ON FEDERAL FACILITIES FROM ADD'L LICENSE TAX

Respectfully report as follows: That HOUSE Bill No. 901

BE AMENDED AS FOLLOWS:

1. Page 2, line 3
Following: "into"
Strike: the remainder of line 3

DO PASS
AS AMENDED

Rep. Robert Pavlovich, Chairman.

STATE PUB. CO.
Helena, Mont.

COMMITTEE SECRETARY

VISITOR'S REGISTER

HOUSE BUSINESS AND LABOR COMMITTEE

BILL House Bill 901 DATE 2/23/85

SPONSOR Representative Dave Brown

NAME	RESIDENCE	REPRESENTING	SUP-PORT	OP-POSE
JOHN LATAVER	HELENA	DOR		X
Jack Sherick	Butte	MSE	X	
BILL BIRMINGHAM	BUTTE	MSE	X	
DIANE SHERICK	BUTTE	SELF	X	
~~PAUL VANTRICHT~~	~~Helena~~	~~DOR~~		~~X~~

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

FORM CS-33

CHAIRMAN--HALLIGAN, MIKE
NORMAL SCHEDULE==> SITE: ROOM 410 DAYS: M-TU-W-TH-F TIME: 10:00 A.M.-12 NOON
SECRETARY-DUVAL, CAROL

BILL NO	REFER DATE	HEARING DATE	CONSIDERATION DATES	COMMITTEE ACTION	REREFERRED TO COMM	DATE OUT
HB0707	3/04	3/18	3/19 3/22 3/25	CONCUR AS AMENDED		3/20
JENKINS, LOREN			REVISE PLUMBING LAW EXCEPTIONS			
HB0721	2/22	3/27		CONCUR		3/27
COBB, JOHN			GENERALLY REVISE AND CLARIFY BUSINESS AND NONPROFIT CORPORATION LAWS			
HB0759	2/21				FINANCE & CLAIMS	
LORY, EARL C.			SPECIAL REVENUE ACCOUNT FOR OPERATIONS OF INSURANCE DIVISION - STATE AUDITOR			
HB0852	3/04	3/14		CONCUR		3/14
HARP, JOHN G.			EXCLUDE CERTAIN PERSONS FROM DEFINITION OF PUBLIC UTILITY			
HB0858	3/19	3/27	3/29	CONCUR		3/29
HARRINGTON, DAN W.			MUNICIPAL AND REGIONAL PORT AUTHORITIES			
HB0877	3/05	3/25		TABLED		3/25
PAVLOVICH, ROBERT J. (BOB)			REQUIRING APPROVAL OF FIRE ALARMS AND PROTECTION EQUIPMENT			
HB0880	3/05	3/25	3/28	TABLED		3/28
PAVLOVICH, ROBERT J. (BOB)			INSURING ALARM AND SUPPRESSION EQUIPMENT DEALERS			
HB0895	3/05	3/25	3/28	TABLED		3/28
PAVLOVICH, ROBERT J. (BOB)			BOARD OF FIRE ALARM, SECURITY ALARM, FIRE SUPPRESSION INSTALLERS EXAMINERS			
HB0901	3/05	3/25			TAXATION	
BROWN, DAVE			EXEMPTS CONTRACTORS WHO WORK ON FEDERAL FACILITIES FROM ADD'L LICENSE TAX			
HB0901	3/22	3/25		CONCUR	TAXATION	3/25
BROWN, DAVE			EXEMPTS CONTRACTORS WHO WORK ON FEDERAL FACILITIES FROM ADD'L LICENSE TAX			
HJ0013	3/06	3/26	3/28	TABLED		3/28
WINSLOW, CAL			RESOLUTION ASKING BN TO CUT COAL FREIGHT RATE TO CONFORM WITH TAX CUT			

MINUTES OF THE MEETING
BUSINESS & INDUSTRY COMMITTEE
MONTANA STATE SENATE

March 25, 1985

The forty-fifth meeting of the Business & Industry Committee met on Monday, March 25th in Room 410 of the Capitol Building at 10 a.m. The meeting was called to order by Chairman Mike Halligan.

ROLL CALL: All committee members were present.

CONSIDERATION OF HOUSE BILL 901: Representative Dave Brown, House District #72, Butte, is the chief sponsor of this bill. He explained that this bill was drafted because of a problem that had arisen at the MHD facility in Butte. He noted the original bill applied retroactively. The federal government argues that the state does not have the ability to collect the 1% contractor's tax on federal research facilities. Now the state is saying that someone owes some money. The bill was amended in the House to take out the retroactive portion. He noted the original intent of the law was to give the state some additional protection for payment of taxes owed and if these were not paid they could then be held out against the contractor's license. There is a special exemption for federal projects such as highways and Rep. Brown explained he is requesting this same sort of exemption for research projects such as MHD in Butte. He noted there might be a possible expansion of the MHD possibly at the Bird Plant or the Corrette Plant. He distributed a fact sheet to committee members. (EXHIBIT 1) He felt if this measure were to pass it might just be an added incentive to entice bigger projects into the state.

PROPONENTS: Jack Sherick, President of MSE, operator and manager of the MHD plant in Butte, stated this is the only facility of this type in the state currently. If a larger plant were to be constructed it would have to be located near a large power plant. If such plans were to develop, it would be quite a tax incentive to the state and he felt this would far outweigh the 1% tax and might give the state the edge for consideration if this were to pass.

OPPONENTS: There were none.

Questions were then called for. Senator Williams asked Jack Sherick to give a brief explanation of what has been done with the plant in Butte in recent years. Jack Sherick noted that they are seeking to eventually take their research to larger facilities for application in large power plants. The advantage would be a more efficient, economical way to produce power from coal. Senator Weeding asked if it would still be considered a federal research facility if they get into retrofit. Jack Sherick felt that it would. When asked about the larger facility possibly being located in Billings, Rep. Brown stated that they usually require a 50/50 cost share from private industry

and this is what Montana Power is working on presently. Senator Williams asked if they were still working with the Soviet Union on projects such as this and he stated they were not, but if there were to be areas of cooperation between the two nations, the scientific areas would be the first to be considered.

Senator Gage asked if the 1% tax was applied against the total construction cost and was not an additional tax. In closing, Rep. Brown stated this type of legislation could help attract federal research dollars and urged support of the bill.

DISPOSITION OF HOUSE BILL 901: Senator Williams MOVED THAT HOUSE BILL 901 BE CONCURRED IN. The motion carried. Senator Gage will carry the bill on the Senate floor.

CONSIDERATION OF HOUSE BILL 880: Representative Bob Pavlovich, House District #70 of Butte, is the chief sponsor of this bill. He explained that two bills were originally introduced in the House and after the hearing was held they broke the bills out into three to make each issue clear. Representative Fred Thomas House District #62 is carrying House Bill 880.

PROPONENTS: Representative Fred Thomas, House District #62, explained this bill is an act requiring insurance of suppliers, installers and maintenance people who install fire alarms, security alarms, and fire suppression equipment. It would specify a limit of $100,000 liability insurance be carried.

Bob Kelly, State Fire Marshall, stated the legislative audit committee recommended some changes be made and later this was split into three bills. He urged support.

Mike Walker, representing the State Fire Marshall's Advisory Board, stated this brings into focus problems they have had in their industry. There have been problems with integrity and enforcement of the code process involving fire alarms. He felt these bills would offer consumer protection.

Lyle Nagel, representing the Volunteer Firemen's Association, expressed support for the legislation.

OPPONENTS: A letter in opposition was submitted by George Allen, from the Montana Retail Association. (EXHIBIT 2)

Questions were then called for. Senator Williams asked Representative Thomas if a fire should occur because of a faulty fire alarm who would be responsible. Rep. Thomas felt with the liability insurance that if the equipment was found to be at fault then they would have to pay for the damages up to $100,000 per incident. Senator Boylan felt this was a back door approach to do business. Senator Kolstad wondered if everyone would have to have liability insurance including salespeople from places such as Radio Shack. Rep. Thomas felt if they were employed by Radio Shack that their insurance would cover them.

Senator Gage stated they had sold fire alarms as a civic project

ROLL CALL

BUSINESS & INDUSTRY COMMITTEE

49th LEGISLATIVE SESSION -- 1985 Date 3-25-85

SENATE SENT #

NAME	PRESENT	ABSENT	EXCUSED
Chairman Halligan	X		
V-chrm. Christiaens	X		
Senator Boylan	X		
Senator Fuller	X		
Senator Gage	X		
Senator Goodover	X		
Senator Kolstad	X		
Senator Neuman	X		
Senator Thayer	X		
Senator Williams	X		
Senator Weeding	X		

Each day attach to minutes.

THOUGHTS ON HOUSE BILL 901

EXHIBIT 1
BUSINESS & INDUSTRY
March 25, 1985

"A BILL TO EXEMPT PUBLIC CONTRACTORS FROM ADDITIONAL LICENSE FEES" WHEN WORKING ON FEDERAL RESEARCH PROJECTS.

I. THIS IS A BILL ABOUT CREATING AND MAINTAINING JOBS. IT IS NOT A BILL ABOUT REVENUE.

II. THE STATE, COUNTIES, AND CITIES REQUIRE PUBLIC CONTRACTORS TO BE LICENSED FOR THEIR PROTECTION; THE FEDERAL GOVERNMENT DOES NOT REQUIRE THIS PROTECTION.

III. THE STATE, COUNTIES, AND CITES ARE SPENDING THEIR MONEY. THEREFORE, AN ADDITIONAL LICENSE FEE IS HELD BY THE STATE TO ENSURE THE PAYMENT OF PERSONAL PROPERTY TAXES, ETC. BY THE PUBLIC CONTRACTOR DOING THE PROJECT. THE CONTRACTOR IS THEN ALLOWED CREDIT AGAINST THE MONEY HELD FOR THE OTHER TAXES THEY PAY. IT SHOULD COME OUT AT ABOUT A WASH.

IV. WHETHER OR NOT THE ADDITIONAL LICENSE FEE IS WITHHELD, THE PUBLIC CONTRACTOR IS STILL OBLIGATED TO PAY HIS PERSONAL PROPERTY AND OTHER TAXES BASED ON THE SAME FORMULA AS ALL OTHER CONTRACTORS.

V. THE FEDERAL GOVERNMENT WHEN SPENDING ITS MONEY ON PROJECTS IN OUR STATE, COULD CHOOSE TO SPEND THAT MONEY IN ANY STATE. THEY MAY WELL CHOOSE TO FINANCE PROJECTS IN OTHER STATES IF 1% OF THE COST OF THE PROJECT IS WITHHELD.

VI. THE REAL LOSS IS IN THE FORM OF JOBS AND TAXES IF A FEDERAL RESEARCH PROJECT IS LOCATED IN ANOTHER STATE.

CHAIRMAN--TOWE, TOM
NORMAL SCHEDULE==> SITE: ROOM 413/415 DAYS: M-TU-W-TH-F TIME: 8:00-10:00 A.M.

SECRETARY-AAGENES, NANCY

--BILL NO---	REFER DATE---	HEARING DATE---	CONSIDERATION DATES	COMMITTEE ACTION	REREFERRED TO COMM	DATE OUT
HB0901	3/22				BUSINESS & LABOR	
BROWN, DAVE			EXEMPTS CONTRACTORS WHO WORK ON FEDERAL FACILITIES FROM ADD'L LICENSE TAX			
HB0901	3/28	4/10	4/17, 4/18	CONCUR		4/18
BROWN, DAVE			EXEMPTS CONTRACTORS WHO WORK ON FEDERAL FACILITIES FROM ADD'L LICENSE TAX			
HB0915	4/15	4/18	4/19	TABLED		4/19
GRADY, EDWARD J.			DIRECT DEPT. OF REVENUE TO AMEND RULE TO ALLOW 20% REDUCTION ON FARM HOMES			
HB0924	3/05	3/28	4/9	CONCUR AS AMENDED		4/9
BARDANOUVE, FRANCIS			ALCOHOLIC BEVERAGE LICENSES ISSUED ON INDIAN RESERVATIONS			
HB0943	4/03	4/12	4/16	CONCUR		4/16
DONALDSON, GENE			INCREASE FEE FOR ISSUANCE OR RENEWAL OF TEACHER CERTIFICATE			
HJ0009	3/05	4/04	4/24	CONCUR AS AMENDED		4/24
WALDRON, STEVE			AN ESTIMATE OF THE STATE'S ANTICIPATED REVENUE FOR THE 1986-87 BIENNIUM			
HJ0021	2/16	3/[illegible]		CONCUR AS AMENDED		3/19
FRITZ, HARRY		19	RESOLUTION IN SUPPORT OF FEDERAL INCOME TAX REFORM			

on that issue this season.

Senator Goodover asked if the gambling bill would give the necessary $7 million as 75 percent of that income would be dedicated to local governments. Representative Brown said that cannot be determined and this bill must pass. He pointed out to the committee that the bill has a sunset provision which would make it automatically scrutinized by the next session.

Senator Towe asked how the additional fees would be administered. Representative Brown said that inflation was not a factor because of the sunset provision. He said that if there were a spill over of additional money it would go into the general services account for local government. He said the bill has been figured to come as close as possible to the amount needed.

Representative Brown closed saying that he was surprised at opposition from the Montana Retail Association. He said that the automobile groups lack credibility, in that if one can afford a car, one can also afford the increased fee. He said that he had no objection to the sunset provision but he no longer felt it was necessary and it could be amended out.

CONSIDERATION OF HB 901: Chairman Towe noted that this bill had already been heard by another committee of the Senate and that it had come before the Taxation Committee in order that certain questions might be addressed.

Representative Dave Brown was recognized as chief sponsor of the bill. He said that the bill would help to attract an MHD retrofit project to Billings. He said that it does not eliminate taxes, but does not require them to pay the one percent upfront cost. He submitted Exhibit 18 to the committee.

PROPONENTS

Mr. Jack Sherick, President of MSE, Inc., said that the federal research programs would provide jobs and cosnume services for five to twenty years of benefit to the local community. He said that far outweighed the need for this tax. He said that in competition with others they want Montana's proposal to be the most favorable. He said that the plant in Butte has employed about 150 full-time people annually. He said that amounts to about $60 million into the Butte area and the state. He said that far outweighs the guarantee of the fee.

OPPONENTS

Mr. Dan Bucks, Deputy Director of the Department of Revenue, said they have no quarrel with the desire to secure the feceral research facility. He said they do question the practical nature of this method. He said that the state of Montana took to the Supreme Court the right to levy this tax and that the Supreme Court declined

to overturn it. He said that if this bill passes the underpinning of that case may be gone. He said that the Department of Energy has chosen to defy the withholding taxes and has encouraged contractors also to avoid taxation. He said that in a case currently being litigated a contractor owns a tax bill of some $300,000. He said this bill will encourage that kind of attitude. He said that it will establish the precendent that contractors do not have to pay these taxes. He said there are currently no exemptions from this law and that the tax has been upheld in court because it applies equally to all. He said this bill could lead to an unravelling of that. In conclusion he said that the tax has worked well in providing a bond, that Montana contractors would not be able to bid competitively against out-of-state contractors who could avoid taxation and that the status quo provides a level playing field.

Mr. Bill Olson, representing the Montana Contractors Association said three things: 1) that the bill is discriminatory by application only to a certain kind of facility, 2) that the bill would set a precendent to exempt others as well, and 3) that the fiscal note indicates a reduction in state revenue.

Questions from the committee were called for.

Senator Towe asked Representative Brown to respond to the points raised by the opponents of the bill. He said that the bill would have no effect whatsoever on court cases. He said that the failure of the bill to pass would keep the federal facility out of Montana. He said that a precedent would not be established and extended by passage of the bill. He said that no state contractor has the capability to build this kind of facility anyway.

Senator Towe asked if the bill applied to the continuous operation or only to the construction. Representative Brown said it was intended to cover only construction of this one facility. Senator Towe asked how this would be different from other government projects. Representative Brown responded that it was different because it dealt with research buildings. Senator Towe asked if it was the intent of the bill to exclude other taxes as well. Representataive Brown said that, no, it does not affect revenue and all taxes would be paid. Senator Towe asked of the Department of Energy would object to a bonding requirement. Mr. Sherick and Representative Brown agreed to look into the matter.

Senator Hirsch asked if the bill would affect the livestock experiment station in Miles City. Mr. Bucks felt that it might. Mr. Brown said smaller costs were exempt. Senator Hirsch said that they recently put in a $300,000 irrigation project.

Representative Brown closed saying that it was not a revenue bill and should not be in the Taxation Committee. He said that it will affect only one project and the bill should be passed.

Chairman Towe adjourned the committee at 10:55 am.

Thomas E. Towe

Chairman

CONSIDERATION OF HB 901: In response to a question from Senator Halligan, Mr. Dan Bucks, Department of Revenue, said that the Butte company in question had paid no personal property tax in Montana. They had claimed that they had no personal property in the state, but there were not good records. He said that a contractor's gross receipts tax is an up-front withholding so that this kind of situation can be avoided. He said the problem illustrates the need for the tax.

Senator Eck asked if the Energy Department was encouraging contractors not to pay. Mr. Bucks said that other than the Energy Department, federal agencies were okay.

Senator Towe said the problem is that benefits may accrue from the federal research project and that the Department is making a fuss over this issue. Senator Mazurek noted that it would be a very narrow exemption.

In response to a question from Senator Neuman, Mr. Bucks said that there was a dispute with the contractor at the Butte facility over the payment of $300,000 on gross receipts tax. He said the contract was completed and the fee was never paid.

Senator Towe asked Mr. Bucks if it would be acceptable to require the information, but not the money up-front. Mr. Bucks said that would come closer to addressing their compliance problems.

Senator Neuman said that if they were allowed to come in with the intention of not paying they could underbid local contractors.

MOTION: Senator McCallum moved that HB 901 be concurred in. With Senators Goodover and McCallum voting yes; other committee members voting no, the motion failed.

MOTION: Senator Eck moved that HB 901 be held for amendment.

MOTION: Senator Neuman moved as a substitute motion that HB 901 be tabled. The motion carried unanimously.

Chairman Towe adjourned the meeting at 11 am.

Thomas E. Towe

Chairman

Senator McCallum said that HB 915 wouldn't fit into the statute. Senator Towe said that the bill would amend a rule. Mr. Groepper said that the bill would be the Legislature saying that language should be added to the administrative code. He said that statutory authority was needed to back up the rule, or the Department would revert to the Constitution which says that all like property would be treated alike.

Representative Grady closed saying that he was not aware of the tie to SB 431. He said the bill should not be held.

MOTION: Senator Goodover moved that the committee reconsider its action in tabling HB 493 and HB 494. He said that would allow the state to use new coal tax money. He submitted Exhibit 8 and said that the full Senate should be allowed to determine whether this issue would go to the people.

Senator Mazurek said that especially with the coal tax incentive the Legislature should wait before going into this program.

Senator Goodover said that the Governor's bill was gone and that there was no political ramification in allowing the people to decide.

Senator Lybeck said that all that is left is the trust fund and that should not be tampered with.

Question was called. Senators McCallum, Hager and Goodover voted yes. All other members voted no. The motion failed.

CONSIDERATION OF HB 901: Chairman Towe said that Senator Lynch had asked the committee to look at it again. Senator Lynch said that the bill was trying to put Montana in a competitive field for federal grants. He said that the bill had come out of the Senate Business and Industry Committee unanimously and that it would benefit Billings and the state by increasing the possibility of federal dollars.

Mr. Bill Bermingham, representing Mountain States Energy Inc., said that it took years of advance work that has already been done. He said that Illinois, Tennesse and California are also in the market for the research facility in question. He said that Butte has realized $70 million in wages and other benefits from the MHD plant there. He said that this law is an impediment to getting the facility located in Montana. He said the project is worth $400 million and that local contractors are in favor of it. He submitted Exhibit 9 to the committee which discusses the opinion of Department of Energy lawyers on the subject.

Senator Towe asked if a waiver would satisfy the Department of Energy. Mr. Bermingham said he didn't know, but would be willing to try anything.

MOTION: Senator McCallum moved that HB 901 be taken from the table.

Exhibit 10 was presented to the committee and discussed by Chairman Towe. This would allow the Department of Revenue to grant a waiver to a federal contractor.

Senator Hager spoke against the amendment saying that the research funds were a boon.

Senator Eck said that the application was very limited and that diligence on the part of assessors could solve the problems.

MOTION: Senator Goodover moved that HB 901 be amended per Exhibit 10.

Senator Towe said he had concern about the precedent. He said that this could place the contractor's entire tax bill in question.

Senator Goodover asked Mr. Bermingham if he had problems with the amendment. Mr. Bermingham said that he would rather not have it, but that he would take what he could get. He said that they are concerned about the future negotiations.

Senator Goodover withdrew the motion to amend.

MOTION: Senator Hager moved that HB 901 be concurred in.

Mr. Jim Lear, committee staff, asked if subcontractors should be included in the bill.

After discussion the committee said that the same exemption should be allowed for subcontractors.

MOTION: Senator Eck moved that the proper amendment to HB 901 be drawn to exempt subcontractors.

MOTION: Senator Mazurek moved as a substitute motion that HB 901 be concurred in. Senator Lybeck voted no and all other committee members voted yes. The motion carried.

CONSIDERATION OF HB 701: Seantor Severson noted that the amendments had already been adopted per Exhibit 11. Senator Goodover again questioned the repair costs on the buildings. Mr. Archibald, Historical Society, said that his Board of Trustees retained veto power and that they would look carefully into the costs.

MOTION: Senator Severson moved that HB 701 be concurred in as amended. Senators Brown, Eck, Halligan, Hirsch, Lybeck, Mazurek, Neuman, Severson and Towe voted yes. Senators Goodover, Hager and McCallum voted no. The motion carried.

Chairman Towe adjourned the meeting at 10 am.

Thomas E. Towe

Chairman

ROLL CALL

SENATE TAXATION COMMITTEE

49th Legislative Session -- 1985

Date April 18, 1985 8:06 am

Location -- Room 413-415

Name	Present	Absent	Excused
Senator Brown	8:21		
Senator Eck	✓		
Senator Goodover	✓		
Senator Hager	~~A~~ 8:25		
Senator Halligan	✓		
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek	✓		
Senator McCallum	✓		
Senator Neuman	✓		
Senator Severson	✓		
Senator Towe	✓		

DATE April 18, 1985

COMMITTEE ON TAXATION

VISITORS' REGISTER

NAME (PLEASE PRINT)	REPRESENTING	BILL #	Check One: Support	Check One: Oppose
LEWIS ROBINSON	N. YELLOWSTONE	HB826	✓	
Bob JACKLIN	W. YELLOWSTONE	HB 826	✓	
Cal Lumber	" "	"	✓	
Joe Eagle	" "	"	✓	
Pete Kinsberger	Bozeman	HB826	✓	
Aaron Wellinger	Self	HB826	✓	
Carol Mosher	Montana Cow Belles	HB915	✓	
Andrea Withrow	W. Yellowstone	HB826	✓	
Dennis Burr	Montor, MSGA	HB915	✓	
Gary Spaeth	Rep - HD 84	HB 826	✓	
Jim Clark	Montana Farm Bureau	HB 915	✓	
BILL BERMINGHAM	MTN STATES ENERGY	HB901	✓	
Paul F Boyle	Senator	HB 834	✓	
Lorna Frank	Montana Farm Bureau	HB 915	✓	
Lavina Lubinus	WIFE	HB915	✓	
Roland D Pratt	MT Restaurant Assoc	HB 826		✓
J Brannon	Am Soc of Wildl Growers	HB915	✓	
Stuart Doggett	MT. Stockgrowers	HB915	✓	
John Ashley	MT Cattle feeders			
Mark Murphy	MT Farmers Union	HB915	X	
VINCENT VAN OOSTEN	Mont. Cattlemen Assn	915	✓	

(Please leave prepared statement with Secretary)

Amend HB 901, Third Reading Copy

1. Title, line 4.
Following: the second "ACT"
Strike: "EXEMPTING"
Insert: "TO PROVIDE THAT"

2. Title, line 6.
Following: "FACILITY"
Strike: "FROM"
Insert: "MAY APPLY FOR WAIVER OF"

3. Page 1, line 12.
Following: "imposed"
Insert: "--waiver"

4. Page 1, lines 14 and 15.
Following: "contractor"
Strike: ", unless he constructs or works on a federal research facility,"

5. Page 1, line 18.
Following: "issued"
Insert: "unless granted a waiver under subsection (3)"

(continued)

6. Page 1.
Following: line 22
Insert: "(3) A public contractor who constructs or works on a federal research facility may apply to the department for a waiver of the additional license tax imposed under this section. The department shall grant a waiver if it finds that:

(i) the applicant has provided accurate information regarding personal property of the public contractor within the state;

(ii) the applicant is willing and able to pay personal property taxes, light vehicle license fees, income taxes, corporation license taxes, and withholding taxes; and

(iii) the affected taxing jurisdiction would not be adversely affected by the waiver."

7. Page 2, lines 4 through 6.
Following: "act" on line 4
Strike: remainder of line 4 through "contractor" on line 6

STANDING COMMITTEE REPORT

April 16, 19 85

MR. PRESIDENT

We, your committee on Taxation

having had under consideration House Bill No. 901

third reading copy (blue color)

(Senator J. D. Lynch)

EXEMPTS CONTRACTORS WHO WORK ON FEDERAL FACILITIES FROM ADDITIONAL LICENSE TAX.

Respectfully report as follows: That House Bill No. 901

BE CONCURRED IN

~~DO PASS~~

~~BE NOT PASSED~~

Senator Thomas E. Towe, Chairman.